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August 31, 2010

The Honourable Dalton McGuinty  
Premier of Ontario  
Legislative Building, Queen's Park  
Toronto, ON M7A 1A1

Dear Premier McGuinty,

Following the conclusion of the First Ministers conference in Winnipeg on August 6, the Council of the Federation issued a communiqué that stated that premiers had agreed to establish a pan-Canadian purchasing alliance to consolidate public sector procurement of common drugs, medical supplies and equipment. The communiqué went on to state that premiers believed that by combining purchasing power, provincial and territorial jurisdictions were in a position to achieve economies of scale and cost reductions. As a leader in pharmaceutical policy, and as the national association representing the profession of pharmacy, the Canadian Pharmacists Association (CPhA) would like to take the opportunity to comment on this proposed bulk purchasing strategy for drugs.

As your Ministers of Health and Ministers of Finance begin discussions in earnest regarding the bulk procurement strategy for drugs and pharmaceutical policy in general, CPhA is asking, and would expect to be, a party to these discussions. Our association brings a wealth of domestic and international knowledge and expertise in the area of pharmaceutical policy to the table. As front line medication therapy managers who play a key role in the drug distribution chain, pharmacists are able to bring a unique and vital perspective to any discussion regarding new drug procurement strategies. Most importantly, pharmacists know better than anyone the impact of changes to pharmaceutical policy on patients and individual Canadians.

Although the announcement was short on details, CPhA would like to offer the following observations based on the work and research that we have already conducted on this issue.

The concept of bulk purchasing of drugs is not new; governments in Canada have discussed bulk purchasing for several years. In 2004, under the auspices of the National Pharmaceutical Strategy, provinces and territories agreed that jurisdictions would “pursue purchasing strategies to obtain best prices for Canadians for drugs and vaccines”. Bulk purchasing has been utilized in other jurisdictions -several US state governments, large Canadian public institutions (such as hospitals), and New Zealand have all attempted forms of bulk purchasing, which has provided relevant real world lessons for policy makers.

In 2005, CPhA released a paper analyzing the experience with bulk purchasing schemes – a copy of this paper is attached. The issues raised and the facts contained in this publication remain relevant with regard to the current discussion.

1785, prom. Alta Vista Dr.  
Ottawa, ON Canada  
K1G 3Y6

(613) 523-7877  
1-800-917-9489

Fax/télec.  
(613) 523-0445

info@pharmacists.ca  
www.pharmacists.ca

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Although bulk purchasing has demonstrated cost savings in small discrete markets, the primary pitfall is the risk to drug supply when implemented on a national scale. Experience demonstrates that bulk purchasing contracts often lead to a centralization in manufacturing and distribution, with a market dominated by a very limited number of suppliers of any one drug. In the event of a disruption of supply caused by any number of factors, such as a manufacturing problem, drug shortages or outright lack of supply are often the consequence, which ultimately causes problems for patients. Canadian jurisdictions are already in the midst of supply shortages for a number of drugs – a bulk purchasing scheme in which greater monopolization of the supply market could occur would only serve to exacerbate the supply problem.

If provinces and territories are serious about meeting the dual objectives of enhancing patient care while simultaneously cutting health care costs, First Ministers need to look beyond the cost of drugs, and look more closely at the roles and services offered by pharmacists in managing drugs. Under a viable regulatory and compensation framework, pharmacists are in a unique position to offer a range of medication therapy management services that will not only lead to better health outcomes, but will do so in a cost-effective manner. For instance, with regulatory authority and proper compensation, pharmacists can conduct medication consultations and reviews that can help reduce the cost and health impact of adverse drug events. One estimate has suggested that for every \$1 invested in new pharmacy services, \$4 could be saved in the health care system. In short, any review of pharmaceutical policy with an eye to better manage costs and improve health outcomes needs to include a review of the role that pharmacists play in providing medication therapy management services.

I wish to reinforce CPhA's request to be a party to these discussions. The perspective of pharmacists with regard to such a policy change must be represented at the policy table. I would be happy to have further discussions with you and your colleagues on this issue at your convenience.

Thank you for taking the time to review this letter. We look forward to continuing our discussions on this issue, and on broader pharmaceutical policy.

Yours sincerely,



Jeff Poston, PhD, MRPharmS.  
Executive Director

Encl.

cc. Provincial and territorial Ministers of Health  
Provincial and territorial Ministers of Finance  
Hon. Leona Aglukkaq, Minister of Health  
CPhA Board of Directors